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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, SEPTEMBER 13, 2000

APPLICATION OF

VIRGINIA PILOT ASSOCIATION

CASE NO. PUA000053

To revise rates of pilotage  
and other charges

FINAL ORDER PRESCRIBING INCREASED RATES OF PILOTAGE  
AND OTHER CHARGES

Before the Commission is the application of J. William Cofer and other licensed pilots, all members of the Virginia Pilot Association ("Association"), to revise their rates of pilotage and other charges. According to its application, the Association proposes to revise the rates and charges prescribed by the Commission on July 24, 1995, in Virginia Pilot Association, Case No. PUA950010, 1995 Ann. Rep. 204, to increase annual revenues by approximately \$2.4 million or 19.46%. By our Order for Notice and Hearing of June 23, 2000, the Commission docketed this application and established procedures for a hearing on September 12, 2000.

As provided by § 54.1-918 of the Code of Virginia, the Commission may fix or prescribe pilotage rates and charges after notice has been published in newspapers of general circulation in the cities of Norfolk, Portsmouth, and in Newport News. The Association filed with the Clerk of the Commission proof of the

required publication on July 25, 2000. The Commission finds that required notice of the application was given.

The hearing was held on the application on September 12, 2000, in Richmond, Virginia. The Association presented the testimony and exhibit of its president, Captain J. William Cofer. The testimony of Mark R. DeBruhl, Principal Public Utility Accountant of the Commission's Division of Public Utility Accounting was also presented. No interveners or protestants appeared.

Upon consideration of the record developed at the hearing, the Commission will grant the application. The prefiled testimony and exhibits of Captain Cofer and Mr. DeBruhl demonstrate that the Association has experienced increased operating and personnel costs. The expenses associated with benefits and pensions for retirees have also increased. The Association also identified increased expenses in training apprentices.

The Association also plans three major capital projects in the near future. Portable differential global positioning satellite system units will be acquired for pilots to aid in navigating vessels. The Association has also determined that it must replace one of its launches. The Association also proposes to replace the generator at its Lynhaven facility and to remodel

portions of the building. These expenditures will require additional revenues.

As required by § 54.1-918 of the Code of Virginia the Commission must consider, in addition to operating expenses, maintenance, and depreciation, the rates and charges of pilotage at comparable and competing ports. The testimony of Captain Cofer reviewed the rates at the ports of New York, Philadelphia, Baltimore, Charleston, and Savannah, and he offered comparisons with the rates proposed in this application. According to the Association, the proposed rates would be significantly lower than the current rates in New York, Philadelphia, and Baltimore. The proposed rates would generally match the rates for Savannah. With regard to Charleston, the proposed rates would be higher in some instances and lower in others. Captain Cofer's prefiled testimony stated that anticipated revisions in Savannah and Charleston would result in rate levels higher than those in Virginia within a relatively short period. Based on this evidence, the Commission concludes that the proposed rate increase would leave Virginia ports in a favorable competitive position.

The Association does not propose any revisions in the design and structure of its rates. The Association would continue to employ a formula based on a vessels dimensions to calculate "Ship Units" the additional revenue would be generated

by increasing the rates associated with ship units. The Association also proposed certain editorial changes. The Commission will approve the proposed schedules of rates of pilotage attached to the application.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 54.1-918 of the Code of Virginia, this application is granted and revised rates and charges are prescribed.

(2) The revised rates and charges prescribed herein shall become effective at 12:01 a.m. on September 13, 2000.

(3) The Association shall promptly file with the Clerk of the Commission a schedule of rates of pilotage and other charges as approved and prescribed by this Order. The schedule shall bear at the foot of each page the following caption:

Prescribed by the State Corporation  
Commission in Case No. PUA000053 and  
effective on and after 12:01 a.m.,  
September 13, 2000.

(4) This case be dismissed from the Commission's docket.